

DRAFT

FY 2002 Adjustments and Transfers Bill LSB7302H

Proposed Action:

**House Appropriations
Committee**

May 28, 2002

An Act addressing public funding provisions and related regulatory matters by making, reducing, and transferring appropriations, adjusting other expenditures for the fiscal year beginning July 1, 2001, and including other appropriations, cooperative tax credits, and effective and retroactive applicability date provisions.



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LEGISLATIVE FISCAL BUREAU

NOTES ON BILLS AND AMENDMENTS (NOBA)

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**EXECUTIVE SUMMARY
NOTES ON BILLS AND AMENDMENTS**

**LSB7302H
FY 2002 ADJUSTMENTS AND TRANSFERS BILL**

LSB 7302S – FISCAL SUMMARY

**DIVISION I – GENERAL FUND
TRANSFERS**

**DIVISION II – MEDICAL ASSISTANCE
PROGRAM TRANSFERS**

- The Bill:
 - Transfers \$203.8 million to the General Fund from five non-General fund sources.
 - Transfers \$9.0 million from eight State funds and appropriations to the Department of Human Services Medical Assistance Program.
 - Transfers \$6.4 million from four State funds to five State funds and appropriations.
- Transfers \$203.8 million from the following sources to the General Fund. This is in addition to the \$49.4 million already transferred to the General Fund in SF 2304, the FY 2002 Budget Adjustment Act. The transferred funds include:
 - Environment First Fund - \$1.7 million
 - Economic Emergency Fund - \$105.0 million
 - Cash Reserve Fund - \$90.0 million
 - Terminal Liability Health Insurance Fund - \$0.1 million
 - Regents Infrastructure Appropriations (RIIF) - \$7.0 million
- Authorizes the Board of Regents to issue \$7.0 million or more in bonds to complete Phase II of the engineer teaching and research complex.
- Makes a conditional appropriation from the Cash Reserve Fund if the balance of the Economic Emergency Fund is insufficient to make an appropriation of up to \$50.0 million to the General Fund to address a revenue deficit at the end of FY 2002.
- Provides that there will be no appropriation made from the General Fund to repay the Economic Emergency Fund or the Cash Reserve Fund in FY 2002.
- Transfers \$9.0 million to the Medical Assistance Program from the following funds:
 - Snowmobile Fund - \$1.0 million
 - All-terrain Vehicle Fund - \$0.8 million
 - Environment First Fund - \$1.0 million
 - Strategic Investment Fund - \$2.0 million
 - Physical Infrastructure Fund - \$2.5 million
 - Alternative Drainage Assistance Fund - \$1.1 million
 - Cultural Grants - \$0.3 million
 - Aviation Studies & Improvement Accounts - \$0.3 million

EXECUTIVE SUMMARY
NOTES ON BILLS AND AMENDMENTS

LSB7302H
FY 2002 ADJUSTMENTS AND TRANSFERS BILL

**DIVISION III – TRANSFERS FOR
OTHER PURPOSES**

- Transfers \$3.0 million from the Terminal Liability Health Insurance Fund to the State Public Defender for indigent defense costs.
- Transfers \$1.5 million from the Environment First Fund to the State Appeal Board for claim payments.
- Transfers \$1.0 million from the Victim Compensation Fund to the State Unemployment Compensation Fund for claims.
- Transfers \$0.1 million from the Environment First Fund to the Performance of Duty appropriation.
- Transfers \$0.3 million from the Terminal Liability Health Insurance Fund to the Performance of Duty appropriation.
- Transfers \$0.3 million from the Value-added Agriculture Fund to the Elderly and Disabled Property Tax Credit for payment of renter's claims.
- Transfers \$0.2 million from the Terminal Liability Health Insurance Fund to the Elderly and Disabled Property Tax Credit for payment of renter's claims.

DIVISION IV – RESERVE FUNDS

- Decreases the maximum balance in the Economic Emergency Fund from 5.0% of the adjusted revenue estimate to 2.5% effective FY 2004.
- Increases the maximum percentage in the Cash Reserve Fund from 5.0% of the adjusted revenue estimate to 7.5% effective FY 2004.
- Increases the percentage of Cash Reserve Fund balance requiring a three-fifths majority vote before funds can be expended from 3.00% to 3.75% effective FY 2004.
- Increases the amount of money to be repaid to the Senior Living Trust Fund from \$35.5 million to \$51.5 million and the amount to be repaid to the Endowment for Iowa's Health Account from \$51.5 million to \$60.5 million.
- Permits the unexpended balances in the Rebuild Iowa Infrastructure, Senior Living Trust, and Pending Senior Living Trust Funds to be used by the General Fund for cash flow purposes. All cash flow money must be returned to the original funds by the end of each fiscal year.

**EXECUTIVE SUMMARY
NOTES ON BILLS AND AMENDMENTS**

**LSB7302H
FY 2002 ADJUSTMENTS AND TRANSFERS BILL**

**DIVISION V – OTHER MEDICAL
ASSISTANCE PROGRAM
PROVISIONS**

- Requires recipients of or applicants for Medical Assistance through the Department of Human Services to report changes in income or resources on a monthly basis.
- Implements a three-tiered copayment schedule for prescriptions filled through the Medical Assistance Program.

DIVISION VI – OTHER PROVISIONS

- Permits an intermediate care facility for persons with mental disabilities to be charged a fee by the Department of Humans Services of up to 6.0% of the facility's annual revenue.
- Removes the statutory requirement that the State percent of allowable growth for the School Foundation Aid Program be enacted within 30 days of the submission of the Governor's budget to the General Assembly.
- Requires the FY 2002 Community Attraction and Tourism Fund appropriation for tourism operations be funded by resources other than the proceeds in the Fund from tax-exempt bonds.
- Requires the Department of Corrections to deposit per diem prisoner reimbursements from the U.S. Marshal's Service to the General Fund. Allows the Department to retain any extraordinary reimbursements from the Service.
- Reduces the FY 2003 appropriation to the State Library by \$108,000.

**DIVISION VII – COOPERATIVE TAX
CREDITS**

- Permits farmer's cooperatives organized under Section 521 of the federal Internal Revenue Code and required to file an Iowa tax return to pass certain refundable tax credits on to the cooperative's members.

DIVISION VII – EFFECTIVE DATE

- Sections 24, 26, and 27 relating to reserve fund requirements are effective July 1, 2003.
- Sections 37, 38, and 39 relating to he Department of Corrections reimbursements, the Program Elimination Commission, and the State Library are effective July 1, 2002.
- Division VII relating to cooperative tax credits is effective retroactive to January 1, 2002.
- The remainder of the Bill is effective upon enactment.

LSB7302H provides for the following changes to the Code of Iowa.

Page #	Line #	Bill Section	Action	Code Section	Description
1	3	1	Amends	Section 15, SF 2304, 2002 Iowa Acts	Environment First Fund - Notwithstanding and Transfers to the General Fund
1	22	3	Nwthstnds	Section 8.56 (4)(a)	Cash Reserve Fund Appropriation to the General Fund
1	32	4	Nwthstnds	Section 421.46	Terminal Liability Health Insurance Fund Transfer to the General Fund
3	5	7.2	Nwthstnds	Section 8.55 (3)(d)	Iowa Economic Emergency and Cash Reserve Funds
3	20	9	Nwthstnds	Section 321G.7	Snowmobile Fund Transfer to Medical Assistance
3	30	10	Nwthstnds	Section 321G.7	All-terrain Vehicle Fund Transfer to Medical Assistance
4	5	11	Nwthstnds	Section 8.57A(3)	Environment First Fund Transfer to Medical Assistance
4	14	12	Nwthstnds	Section 15.313(2)	Strategic Investment Fund Transfer to Medical Assistance
4	23	13	Nwthstnds	Section 15E.175(2)	Physical Infrastructure Assistance Fund Transfer to Medical Assistance
4	33	14	Nwthstnds	Section 159.29A(3)	Alternative Drainage Assistance Fund Transfer to Medical Assistance
5	8	15	Nwthstnds	Section 421.46	Terminal Liability Health Insurance Fund Transfer to Medical Assistance
5	30	17	Nwthstnds	Section 421.46	Terminal Liability Fund Transfer to Indigent Defense
6	4	18	Nwthstnds	Section 8.57A(3)	Environment First Fund Transfer to State Appeals Board
6	13	19	Nwthstnds	Section 915.94	Victim Compensation Fund Transfer to State Unemployment Compensation Fund
6	23	20	Nwthstnds	Section 8.57A(3)	Environment First Fund Transfer to Performance of Duty

Page #	Line #	Bill Section	Action	Code Section	Description
6	32	21	Nwthstnds	Section 421.46(3)	Terminal Liability Health Insurance Fund Transfer to Performance of Duty
7	7	22	Nwthstnds	Section 15E.112(1)	Value-Added Agriculture Fund Transfer to Elderly and Disabled Property Tax Credit
7	21	23	Nwthstnds	Section 421.46(3)	Terminal Liability Health Insurance Fund Transfer to Elderly and Disabled Property Tax Credit
8	1	24	Amends	Section 8.55(2)(a), as enacted by HF 2075, 2002 Iowa Acts	Economic Emergency Fund Maximum Percentage
8	10	25	Amends	Section 8.55(2)(c & d), as enacted by HF 2075, 2002 Iowa Acts	Senior Living Trust and Endowment for Iowa's Health Fund Repayments
9	5	26	Amends	Section 8.56(4)(b), Code Supplement 2001	Cash Reserve Three-Fifths Vote Requirement
9	15	27	Amends	Section 8.57(1)(a), Code Supplement 2001	Cash Reserve Fund Maximum Percentage
10	9	28	Amends	Section 8.57(5)(b), Code Supplement 2001	Infrastructure Fund for Cash Flow Purposes
10	19	29	Amends	Section 249H.4(4), as amended by SF 2201, 2002 Iowa Acts	Senior Living Trust Fund for Cash Flow Purposes
11	4	30	New	Section 249H.4A	Pending Senior Living Trust Fund
11	17	31	Nwthstnds	Section 8.62	Use of Reversions
11	31	33 (1)	New	Section 249A.9(1)	Medical Assistance Income Reporting Requirements
12	1	33 (2)	New	Section 249A.9(2)	Medical Assistance Pharmaceutical Copayment
12	17	34 (1)	New	Section 249A.21	Intermediate Care Facilities For Persons With Mental Retardation
12	24	34 (2)	New	Section 249A.21	Intermediate Care Facilities for Persons With Mental Retardation - Assessment
12	30	34 (3)	New	Section 249A.21	Intermediate Care Facilities for Persons With Mental Retardation - Assessment

Page #	Line #	Bill Section	Action	Code Section	Description
12	35	34 (4)	New	Section 249A.21	Intermediate Care Facilities for Persons With Mental Retardation - Assessment
13	5	34 (5)	New	Section 249A.21	Intermediate Care Facilities for Persons With Mental Retardation - Assessment
13	7	35	Amends	Section 257.8 (1) Code Supplement 2001 as amended by SF 2315 & SF 2328, 2002 Iowa Acts	State Percent of Growth
13	22	36	Amends	Section 13, Chapter 188, 2001 Iowa Acts	Tourism Operations Appropriation Restriction
14	13	38	Amends	Section 217, SF 2334 (Omnibus Budget Bill 2)	Program Elimination Commission Membership
15	30	41	Amends	Section 15.333(1 & 2), Code Supplement 2001, as amended by SF 2275, 2002 Iowa Acts	Farmers' Cooperative Tax Credits
18	12	42	Amends	Section 15E.193C (7)(a), Code Supplement 2001	Cooperative Enterprize Zone Tax Credit

1 1	DIVISION I	Division I transfers a total of \$203,833,000 to the General Fund from
1 2	GENERAL FUND TRANSFERS	five other funds for FY 2002.
1 3	Section 1. 2002 Iowa Acts, Senate File 2304, section 15,	CODE: Transfers an additional \$1,700,000 from the Department of
1 4	is amended to read as follows:	Natural Resources Environment First Fund to the General Fund.
1 5	SEC. 15. ENVIRONMENT FIRST FUND. Notwithstanding section	DETAIL: The 2000 General Assembly created the Environment First
1 6	8.57A, subsection 3, there is transferred from the environment	Fund to provide protection, conservation, enhancement, and
1 7	first fund created in section 8.57A to the general fund of the	improvement of natural resources, and established a \$35,000,000
1 8	state for the fiscal year beginning July 1, 2001, and ending	standing appropriation from the Rebuild Iowa Infrastructure Fund for
1 9	June 30, 2002, the following amount:	the Program.
1 10 \$ 3,000,000	
1 11	<u>4,700,000</u>	The 2001 General Assembly passed HF 742 (FY 2002 Infrastructure
		and Appropriations Act) and appropriated \$35,000,000 to be used for
		projects in the Department of Agriculture and Land Stewardship, the
		Department of Natural Resources and the Department of Economic
		Development.
		Senate File 2304 (FY 2002 Budget Adjustment Act) transferred
		\$3,000,000 from this Fund to the General Fund. This Section
		increases the amount transferred to \$4,700,000. The cash balance in
		the Environment First Fund on May 20, 2002, was \$21,648,357.
1 12	Sec. 2. IOWA ECONOMIC EMERGENCY FUND.	Appropriates \$105,000,000 from the Economic Emergency Fund to
1 13	1. There is appropriated from the Iowa economic emergency	the General Fund and declares that the appropriation made in this
1 14	fund created in section 8.55 to the general fund of the state	Section is made for emergency expenditures as required by the
1 15	for the fiscal year beginning July 1, 2001, and ending June	Expenditure Limitation Law.
1 16	30, 2002, the following amount, or so much thereof as is	
1 17	necessary:	DETAIL: The cash balance in the Economic Emergency Fund on May
1 18 \$105,000,000	20, 2002, was \$126,528,647.
1 19	2. The appropriation made in this section is declared to	
1 20	be made for emergency expenditures as required in section	
1 21	8.55, subsection 3, paragraph "a".	
1 22	Sec. 3. CASH RESERVE FUND.	CODE: FY 2002 Cash Reserve Fund appropriation to the General
1 23	1. Notwithstanding section 8.56, subsection 4, paragraph	Fund of \$90,000,000. Declares that the appropriation is made for
1 24	"a", there is appropriated from the cash reserve fund to the	nonrecurring emergency expenditures as required by the Expenditure

1 25 general fund of the state for the fiscal year beginning July
 1 26 1, 2001, and ending June 30, 2002, the following amount, or so
 1 27 much thereof as is necessary:
 1 28 \$ 90,000,000
 1 29 2. The appropriation made in this section is declared to
 1 30 be made for nonrecurring emergency expenditures as required in
 1 31 section 8.56, subsections 3 and 4.

Limitation Statute.

DETAIL: The cash balance in the Cash Reserve Fund on May 20, 2002, was \$233,700,000.

1 32 Sec. 4. TERMINAL LIABILITY HEALTH INSURANCE FUND.
 1 33 Notwithstanding section 421.46, there is transferred from the
 1 34 terminal liability health insurance fund created in section
 1 35 421.46 to the general fund of the state for the fiscal year
 2 1 beginning July 1, 2001, and ending June 30, 2002, the
 2 2 following amount:
 2 3 \$ 133,000

CODE: Transfers \$133,000 from the Department of Personnel Terminal Liability Health Insurance Fund to the General Fund for FY 2002.

DETAIL: The cash balance in the Terminal Liability Health Insurance Fund on May 20, 2002, was \$13,560,769. The Fund is used to pay health insurance claims submitted after the contract with the State's provider expires.

2 4 Sec. 5. REGENTS INFRASTRUCTURE. Of the moneys
 2 5 appropriated to the state board of regents in 1997 Iowa Acts,
 2 6 chapter 215, section 23, subsection 1, and allocated for phase
 2 7 II construction of the engineering teaching and research
 2 8 complex at Iowa state university of science and technology,
 2 9 there is transferred to the general fund of the state for the
 2 10 fiscal year beginning July 1, 2001, and ending June 30, 2002,
 2 11 the following amount:
 2 12 \$ 7,000,000

Transfers \$7,000,000 from Rebuild Iowa Infrastructure funds appropriated to the Board of Regents for Phase II of the Engineering Teaching and Research complex at Iowa State University to the General Fund for FY 2002. The Board of Regents are authorized in Section 6 to issue bonds to complete Phase II of the construction and finance the remaining cost of the project.

2 13 Sec. 6. STATE BOARD OF REGENTS -- ENGINEERING COMPLEX --
 2 14 BONDING.
 2 15 1. The state board of regents is authorized to issue bonds
 2 16 as provided in chapter 262A in an amount not exceeding \$7
 2 17 million, except as provided in subsection 2, to undertake and
 2 18 carry out completion of the engineering teaching and research
 2 19 phase II construction at Iowa state university of science and
 2 20 technology and to finance the remaining cost of the project.
 2 21 2. Notwithstanding the limitation established in

Authorizes the Board of Regents to issue bonds not exceeding \$7,000,000 to complete Phase II of the construction of the Engineering Teaching and Research complex at Iowa State University. Permits the bonds to exceed \$7,000,000 if the Board of Regents determines it is necessary in order to capitalize interest, bond reserves, and issuance costs.

2 22 subsection 1, the amount of bonds issued as authorized in
 2 23 subsection 1 may be exceeded by the amount the state board of
 2 24 regents determines to be necessary to capitalize interest,
 2 25 bond reserves, and issuance costs.

2 26 Sec. 7. CONTINGENT APPROPRIATION.
 2 27 1. For purposes of determining the balance of the Iowa
 2 28 economic emergency fund available for making an appropriation
 2 29 to the general fund pursuant to section 8.55, subsection 3,
 2 30 paragraph "c", an amount equal to the \$25,000,000
 2 31 appropriation in 2002 Iowa Acts, Senate File 2315, section 5,
 2 32 subsection 2, shall be considered to be obligated. For the
 2 33 fiscal year beginning July 1, 2001, and ending June 30, 2002,
 2 34 in addition to an appropriation made pursuant to section 8.55,
 2 35 subsection 3, paragraph "c", there is appropriated from the
 3 1 cash reserve fund an amount equal to the difference between
 3 2 \$50 million and the amount appropriated from the Iowa economic
 3 3 emergency fund as authorized by section 8.55, subsection 3,
 3 4 paragraph "c".

Contingent appropriation from the Cash Reserve Fund to be used if the balance of the Economic Emergency Fund is insufficient to make an appropriation of up to \$50,000,000 to the General Fund to address a revenue deficit at the conclusion of FY 2002. Declares that \$25,000,000 is considered to be obligated pursuant to SF 2315 (FY 2003 School Aid Appropriations Act).

3 5 2. Notwithstanding section 8.55, subsection 3, paragraph
 3 6 "d", an appropriation shall not be made from the general fund
 3 7 of the state to the Iowa economic emergency fund for the
 3 8 following fiscal year due to an appropriation being made
 3 9 pursuant to section 8.55, subsection 3, paragraph "c", or
 3 10 subsection 1 of this section.

CODE: Provides that an appropriation shall not be made from the General Fund to repay the Economic Emergency Fund or the Cash Reserve Fund in FY 2002.

3 11 Sec. 8. CASH RESERVE APPROPRIATION FOR FY 2002-2003. For
 3 12 the fiscal year beginning July 1, 2002, and ending June 30,
 3 13 2003, the appropriation to the cash reserve fund provided in
 3 14 section 8.57, subsection 1, paragraph "a", shall not be made.
 3 15 However, any surplus in the general fund of the state for the
 3 16 fiscal year beginning July 1, 2002, and ending June 30, 2003,
 3 17 shall be transferred to the cash reserve fund.

Provides that for FY 2003, there will be no General Fund appropriation to the Cash Reserve Fund as required by the Expenditure Limitation Statute. However, if there is a surplus in the General Fund at the end of FY 2003, it shall be transferred to the Cash Reserve Fund.

3 19 MEDICAL ASSISTANCE PROGRAM TRANSFERS	Services Medical Assistance Program from eight other funds for FY 2002.
	The Department of Management currently estimates an additional \$9,000,000 will be needed to fund FY 2002 medical assistance obligations. These transfers will cover the additional projected need.
3 20 Sec. 9. SPECIAL CONSERVATION FUND -- SNOWMOBILE FEES. 3 21 Notwithstanding section 321G.7, there is transferred from 3 22 snowmobile fees credited to the special conservation fund 3 23 created in section 321G.7 to the department of human services 3 24 for the fiscal year beginning July 1, 2001, and ending June 3 25 30, 2002, the following amount to be used for the purpose 3 26 designated: 3 27 For medical assistance reimbursement and associated costs 3 28 in accordance with law: 3 29 \$ 950,000	CODE: Transfers \$950,000 from the Department of Natural Resources Snowmobile Fund to the Department of Human Services for FY 2002 medical assistance reimbursement and associated costs. DETAIL: The cash balance in the Snowmobile Fund on May 20, 2002, was \$970,505. Money in the Fund comes from snowmobile registration fees.
3 30 Sec. 10. SPECIAL CONSERVATION FUND -- ALL-TERRAIN VEHICLE 3 31 FEES. Notwithstanding section 321G.7, there is transferred 3 32 from all-terrain vehicle fees credited to the special 3 33 conservation fund created in section 321G.7 to the department 3 34 of human services for the fiscal year beginning July 1, 2001, 3 35 and ending June 30, 2002, the following amount to be used for 4 1 the purpose designated: 4 2 For medical assistance reimbursement and associated costs 4 3 in accordance with law: 4 4 \$ 775,000	CODE: Transfers \$775,000 from the Department of Natural Resources All-terrain Vehicle Fund to the Department of Human Services for FY 2002 medical assistance reimbursement and associated costs. DETAIL: The cash balance in the All-terrain Vehicle Fund on May 20, 2002, was \$876,604. Money in the Fund comes from all-terrain vehicle registration fees.
4 5 Sec. 11. ENVIRONMENT FIRST FUND. Notwithstanding section 4 6 8.57A, subsection 3, there is transferred from the environment 4 7 first fund created in section 8.57A to the department of human 4 8 services for the fiscal year beginning July 1, 2001, and 4 9 ending June 30, 2002, the following amount to be used for the 4 10 purpose designated: 4 11 For medical assistance reimbursement and associated costs	CODE: Transfers \$1,000,000 from the Department of Natural Resources Environment First Fund to the Department of Human Services for FY 2002 medical assistance reimbursement and associated costs. DETAIL: The cash balance in the Environment First Fund on May 20, 2002, was \$21,648,357. Money in the Fund comes from an

4 12 in accordance with law:	appropriation from the Rebuild Iowa Infrastructure Fund. The purpose of the Environment First Fund is to provide protection, conservation, enhancement, and improvement of Iowa natural resources.
4 13 \$ 1,000,000	
4 14 Sec. 12. STRATEGIC INVESTMENT FUND. Notwithstanding	CODE: Transfers \$2,000,000 from the Department of Economic Development Strategic Investment Fund to the Department of Human Services for FY 2002 medical assistance reimbursement and associated costs.
4 15 section 15.313, subsection 2, there is transferred from the	
4 16 strategic investment fund created in section 15.313 to the	
4 17 department of human services for the fiscal year beginning	
4 18 July 1, 2001, and ending June 30, 2002, the following amount	
4 19 to be used for the purpose designated:	DETAIL: The cash balance in the Strategic Investment Fund on May 20, 2002, was \$9,405,912. Money in the Fund comes from a General Fund appropriation and from the repayment of previous economic development loans.
4 20 For medical assistance reimbursement and associated costs	
4 21 in accordance with law:	
4 22 \$ 2,000,000	
4 23 Sec. 13. PHYSICAL INFRASTRUCTURE ASSISTANCE FUND.	CODE: Transfers \$2,500,000 from the Department of Economic Development Physical Infrastructure Assistance Fund to the Department of Human Services for FY 2002 medical assistance reimbursement and associated costs.
4 24 Notwithstanding section 15E.175, subsection 2, there is	
4 25 transferred from the physical infrastructure assistance fund	
4 26 created in section 15E.175 to the department of human services	
4 27 for the fiscal year beginning July 1, 2001, and ending June	
4 28 30, 2002, the following amount to be used for the purpose	
4 29 designated:	DETAIL: The cash balance in the Physical Infrastructure Assistance Fund on May 20, 2002, was \$14,181,442. Money in the Fund comes from several sources, including appropriations from the Rebuild Iowa Infrastructure Fund and the repayment of previous economic development loans.
4 30 For medical assistance reimbursement and associated costs	
4 31 in accordance with law:	
4 32 \$ 2,500,000	
4 33 Sec. 14. ALTERNATIVE DRAINAGE SYSTEM ASSISTANCE FUND.	CODE: Transfers \$1,100,000 from the Department of Agriculture and Land Stewardship Alternative Drainage System Assistance Fund to the Department of Human Services for FY 2002 medical assistance reimbursement and associated costs.
4 34 Notwithstanding section 159.29A, subsection 3, there is	
4 35 transferred from the alternative drainage system assistance	
5 1 fund created in section 159.29A to the department of human	
5 2 services for the fiscal year beginning July 1, 2001, and	
5 3 ending June 30, 2002, the following amount to be used for the	
5 4 purpose designated:	DETAIL: The cash balance in the Alternative Drainage System Assistance Fund on May 20, 2002, was \$4,617,330. The Fund is provides cost share money for closure of agricultural drainage wells.
5 5 For medical assistance reimbursement and associated costs	
5 6 in accordance with law:	
5 7 \$ 1,100,000	

5 8 Sec. 15. TERMINAL LIABILITY HEALTH INSURANCE FUND.
 5 9 Notwithstanding section 421.46, there is transferred from the
 5 10 terminal liability health insurance fund created in section
 5 11 421.46 to the department of human services for the fiscal year
 5 12 beginning July 1, 2001, and ending June 30, 2002, the
 5 13 following amount to be used for the purpose designated:
 5 14 For medical assistance reimbursement and associated costs
 5 15 in accordance with law:
 5 16 \$ 325,000

CODE: Transfers \$325,000 from the Terminal Liability Health Insurance Fund to the Department of Human Services for FY 2002 medical assistance reimbursement and associated costs.

DETAIL: The cash balance in the Terminal Liability Health Insurance Fund on May 20, 2002, was \$13,560,769. The Fund is used to pay health insurance claims submitted after the contract with the State's provider expires. The Fund received a \$9,000,000 transfer from the Underground Storage Tank Program at the beginning of FY 2002.

5 17 Sec. 16. AIRPORT ENGINEERING STUDIES AND IMPROVEMENT
 5 18 PROJECTS. There is transferred from the appropriation to the
 5 19 state department of transportation for airport engineering
 5 20 studies and improvement projects in 2001 Iowa Acts, chapter
 5 21 180, section 1, subsection 1, to the department of human
 5 22 services for the fiscal year beginning July 1, 2001, and
 5 23 ending June 30, 2002, the following amount to be used for the
 5 24 purpose designated:
 5 25 For medical assistance reimbursement and associated costs
 5 26 in accordance with law:
 5 27 \$ 347,000

CODE: Transfers \$347,000 from the Department of Transportation Airport Engineering Studies and Improvement Projects appropriation to the Department of Human Services for FY 2002 medical assistance reimbursement and associated costs.

DETAIL: The cash balance in the Airport Engineering Studies and Improvement Projects appropriation on May 20, 2002 was \$4,097,940. The Program is funded by an appropriation from the General Fund.

5 28 DIVISION III
 5 29 TRANSFERS FOR OTHER PURPOSES

Division III transfers a total of \$6,370,000 between State funds and General Fund appropriations.

5 30 Sec. 17. TERMINAL LIABILITY HEALTH INSURANCE FUND --
 5 31 INDIGENT DEFENSE. Notwithstanding section 421.46, there is
 5 32 transferred from the terminal liability health insurance fund
 5 33 created in section 421.46 to the office of the state public
 5 34 defender of the department of inspections and appeals for the
 5 35 fiscal year beginning July 1, 2001, and ending June 30, 2002,
 6 1 the following amount to be used for the purpose designated:
 6 2 For indigent defense costs:
 6 3 \$ 2,740,000

CODE: Transfers \$2,740,000 from the Department of Personnel Terminal Liability Health Insurance Fund to the State Public Defender Indigent Defense appropriation.

DETAIL: The cash balance in the Terminal Liability Health Insurance Fund on May 20, 2002, was \$13,560,769. The Fund is used to pay health insurance claims submitted after the contract with the State's provider expires. The Fund received a \$9,000,000 transfer from the Underground Storage Tank Program at the beginning of FY 2002.

6 4 Sec. 18. ENVIRONMENT FIRST FUND -- STATE APPEAL BOARD
 6 5 CLAIMS. Notwithstanding section 8.57A, subsection 3, there is
 6 6 transferred from the environment first fund created in section
 6 7 8.57A, to the state appeal board for the fiscal year beginning
 6 8 July 1, 2001, and ending June 30, 2002, the following amount
 6 9 to be used for the purpose designated:
 6 10 For state appeal board claims under sections 25.2 and
 6 11 669.11:
 6 12 \$ 1,500,000

Resources Environment First Fund to the State Appeals Board appropriation.

DETAIL: The cash balance in the Environment First Fund on May 20, 2002, was \$21,648,357. Money in the Fund comes from an appropriation from the Rebuild Iowa Infrastructure Fund. The purpose of the Environment First Fund is to provide protection, conservation, enhancement, and improvement of Iowa natural resources. The State Appeals Board appropriation is used to pay State liability claims and outdated claims for payment, refunds, and tax credits. The appropriation is a General Fund standing unlimited appropriation.

6 13 Sec. 19. VICTIM COMPENSATION FUND -- UNEMPLOYMENT
 6 14 COMPENSATION. Notwithstanding section 915.94, there is
 6 15 transferred from the victim compensation fund created in
 6 16 section 915.94 to the unemployment compensation account under
 6 17 the control of the department of revenue and finance for the
 6 18 fiscal year beginning July 1, 2001, and ending June 30, 2002,
 6 19 the following amount to be used for the purpose designated:
 6 20 For payment of state employee unemployment compensation
 6 21 claims:
 6 22 \$ 1,000,000

CODE: Transfers \$1,000,000 from the Department of Justice Victim Compensation Fund to the Unemployment Compensation Fund.

DETAIL: The cash balance in the Victim Compensation Fund on May 20, 2002, was \$4,149,022. The Fund is used to provide cash assistance to crime victims. Money in the Fund comes from awards of legal damages. The Unemployment Compensation Fund is used to pay claims for unemployment benefits for State employees.

6 23 Sec. 20. ENVIRONMENT FIRST FUND -- PERFORMANCE OF DUTY.
 6 24 Notwithstanding section 8.57A, subsection 3, there is
 6 25 transferred from the environment first fund created in section
 6 26 8.57A to the executive council for the fiscal year beginning
 6 27 July 1, 2001, and ending June 30, 2002, the following amount
 6 28 to be used for the purpose designated:
 6 29 For performance of duty under section 7D.29, section 18.12,
 6 30 and section 29C.20:
 6 31 \$ 100,000

CODE: Transfers \$100,000 from the Department of Natural Resources Environment First Fund to the Performance of Duty appropriation.

DETAIL: The cash balance in the Environment First Fund on May 20, 2002, was \$21,648,357. Money in the Fund comes from an appropriation from the Rebuild Iowa Infrastructure Fund. The purpose of the Environment First Fund is to provide protection, conservation, enhancement, and improvement of Iowa natural resources. The Performance of Duty appropriation is used to pay required and emergency State expenses where another funding source is not available. The appropriation is a General Fund standing unlimited appropriation.

6 32 Sec. 21. TERMINAL LIABILITY HEALTH INSURANCE FUND --
 6 33 PERFORMANCE OF DUTY. Notwithstanding section 421.46,
 6 34 subsection 3, there is transferred from the terminal liability
 6 35 health insurance fund created in section 421.46 to the
 7 1 executive council for the fiscal year beginning July 1, 2001,
 7 2 and ending June 30, 2002, the following amount to be used for
 7 3 the purpose designated:
 7 4 For performance of duty under section 7D.29, section 18.12,
 7 5 and section 29C.20:
 7 6 \$ 300,000

CODE: Transfers \$300,000 from the Department of Personnel Terminal Liability Health Insurance Fund to the Performance of Duty appropriation.

DETAIL: The cash balance in the Terminal Liability Health Insurance Fund on May 20, 2002, was \$13,560,769. The Fund is used to pay health insurance claims submitted after the contract with the State's provider expires. The Fund received a \$9,000,000 transfer from the Underground Storage Tank Program at the beginning of FY 2002

7 7 Sec. 22. VALUE-ADDED AGRICULTURAL PRODUCTS -- ELDERLY AND
 7 8 DISABLED PROPERTY TAX CREDIT. Notwithstanding section
 7 9 15E.112, subsection 1, there is transferred from the value-
 7 10 added agricultural products and processes financial assistance
 7 11 fund created in section 15E.112 to the elderly and disabled
 7 12 property tax credit and reimbursement fund created in section
 7 13 425.39 for the fiscal year beginning July 1, 2001, and ending
 7 14 June 30, 2002, the following amount to be used for the purpose
 7 15 designated:
 7 16 For payment of renters' claims for the fiscal year
 7 17 beginning July 1, 2001, under the elderly and disabled credit
 7 18 and reimbursement portion of the extraordinary property tax
 7 19 and reimbursement division of chapter 425:
 7 20 \$ 250,000

CODE: Transfers \$250,000 from the Department of Economic Development Value-Added Agriculture Fund to the Elderly and Disabled Property Tax Credit appropriation.

DETAIL: The cash balance in the Value Added Agriculture Fund on May 20, 2002, was \$4,346,880. The Elderly and Disabled Property Tax Credit appropriation provides a partial property tax reimbursement for qualified persons. The appropriation is a General Fund standing unlimited appropriation.

7 21 Sec. 23. TERMINAL LIABILITY HEALTH INSURANCE FUND --
 7 22 ELDERLY AND DISABLED PROPERTY TAX CREDIT. Notwithstanding
 7 23 section 421.46, subsection 3, there is transferred from the
 7 24 terminal liability health insurance fund created in section
 7 25 421.46 to the elderly and disabled property tax credit and
 7 26 reimbursement fund created in section 425.39 for the fiscal
 7 27 year beginning July 1, 2001, and ending June 30, 2002, the
 7 28 following amount to be used for the purpose designated:
 7 29 For payment of renters' claims for the fiscal year
 7 30 beginning July 1, 2001, under the elderly and disabled credit

CODE: Transfers \$180,000 from the Department of Personnel Terminal Liability Health Insurance Fund to the Elderly and Disabled Property Tax Credit appropriation.

DETAIL: The cash balance in the Terminal Liability Health Insurance Fund on May 20, 2002, was \$13,560,769. The Fund is used to pay health insurance claims submitted after the contract with the State's provider expires. The Fund received a \$9,000,000 transfer from the Underground Storage Tank Program at the beginning of FY 2002. The Elderly and Disabled Property Tax Credit appropriation provides a partial property tax reimbursement for qualified persons. The

7 31	and reimbursement portion of the extraordinary property tax	appropriation is a General Fund standing unlimited appropriation.
7 32	and reimbursement division of chapter 425:	
7 33 \$ 180,000	
7 34	DIVISION IV	
7 35	RESERVE FUNDS	
8 1	Sec. 24. Section 8.55, subsection 2, paragraph a, as	CODE: Lowers the maximum balance in the Economic Emergency
8 2	enacted by 2002 Iowa Acts, House File 2075, section 1, is	Fund from 5.0% of the adjusted revenue estimate to 2.5%. Section
8 3	amended to read as follows:	32 of this Bill makes the change effective starting FY 2004.
8 4	a. The maximum balance of the fund is the amount equal to	
8 5	five <u>two and one-half</u> percent of the adjusted revenue estimate	
8 6	for the fiscal year. If the amount of moneys in the Iowa	
8 7	economic emergency fund is equal to the maximum balance,	
8 8	moneys in excess of this amount shall be transferred to the	
8 9	general fund.	
8 10	Sec. 25. Section 8.55, subsection 2, paragraphs c and d,	CODE: Increases the amount of money to be repaid to the Senior
8 11	as enacted by 2002 Iowa Acts, House File 2075, section 1, are	Living Trust Fund from \$35,500,000 to \$51,500,000 and increases the
8 12	amended to read as follows:	amount of money to be repaid to the Endowment for Iowa's Health
8 13	c. Notwithstanding paragraph "a", any moneys in excess of	Account from \$51,500,000 to \$60,500,000.
8 14	the maximum balance in the economic emergency fund after the	
8 15	distribution of the surplus in the general fund of the state	
8 16	at the conclusion of each fiscal year and after the	DETAIL: The repayments are to be made from the General Fund
8 17	appropriate amount has been transferred pursuant to paragraph	ending balances once the reserve funds have been refilled.
8 18	"b", shall not be transferred to the general fund of the state	
8 19	but shall be transferred to the senior living trust fund. The	
8 20	total amount transferred, in the aggregate, under this	
8 21	paragraph for all fiscal years shall not exceed thirty-five	
8 22	<u>fifty-one</u> million five hundred thousand dollars.	
8 23	d. Notwithstanding paragraph "a", any moneys in excess of	
8 24	the maximum balance in the economic emergency fund after the	
8 25	distribution of the surplus in the general fund of the state	
8 26	at the conclusion of each fiscal year and after the	
8 27	appropriate amount have been transferred pursuant to	

8 28 paragraphs "b" and "c" shall not be transferred to the general
 8 29 fund of the state but shall be transferred to the endowment
 8 30 for Iowa's health account of the tobacco settlement trust
 8 31 fund. The total amount transferred, in the aggregate, under
 8 32 this paragraph for all fiscal years shall not exceed the
 8 33 difference between ~~fifty-one~~ sixty million five hundred
 8 34 thousand dollars and the amounts transferred to the endowment
 8 35 for Iowa's health account to repay the amounts transferred or
 9 1 appropriated from the endowment for Iowa's health account in
 9 2 2002 Iowa Acts, House File 2245, 2002 Iowa Acts, Senate File
 9 3 2304, ~~and~~ 2002 Iowa Acts, Senate File 2315, and 2002 Iowa
 9 4 Acts, Second Extraordinary Session, Senate File 2334.

9 5 Sec. 26. Section 8.56, subsection 4, paragraph b, Code
 9 6 Supplement 2001, is amended to read as follows:
 9 7 b. In addition to the requirements of paragraph "a", an
 9 8 appropriation shall not be made from the cash reserve fund
 9 9 which would cause the fund's balance to be less than three and
 9 10 three-fourths percent of the adjusted revenue estimate for the
 9 11 year for which the appropriation is made unless the bill or
 9 12 joint resolution is approved by vote of at least three-fifths
 9 13 of the members of both chambers of the general assembly and is
 9 14 signed by the governor.

CODE: Raises the percentage of Cash Reserve Fund balance requiring a three-fifths majority vote before funds can be expended from 3.00% to 3.75%. Section 32 of this Bill makes the change effective starting FY 2004.

9 15 Sec. 27. Section 8.57, subsection 1, paragraph a, Code
 9 16 Supplement 2001, is amended to read as follows:
 9 17 a. The "cash reserve goal percentage" for fiscal years
 9 18 beginning on or after July 1, ~~1995~~ 2003, is ~~five~~ seven and
 9 19 one-half percent of the adjusted revenue estimate. For each
 9 20 fiscal year beginning on or after July 1, ~~1995~~ 2003, in which
 9 21 the appropriation of the surplus existing in the general fund
 9 22 of the state at the conclusion of the prior fiscal year
 9 23 pursuant to paragraph "b" was not sufficient for the cash
 9 24 reserve fund to reach the cash reserve goal percentage for the
 9 25 current fiscal year, there is appropriated from the general
 9 26 fund of the state an amount to be determined as follows:

CODE: Raises the maximum balance in the Cash Reserve Fund from 5.0% of the adjusted revenue estimate to 7.5%. Provides that if the Cash Reserve Fund is not at the maximum balance and less than 6.5%, the amount appropriated to the Reserve Fund is equal to 1% of the adjusted revenue estimate for the current fiscal year. If the balance is more than 6.5%, but less than 7.5%, the amount appropriated is the amount needed to reach 7.5%. Section 32 of this Bill makes the change effective starting FY 2004.

9 27 (1) If the balance of the cash reserve fund in the current
9 28 fiscal year is not more than ~~four~~ six and one-half percent of
9 29 the adjusted revenue estimate for the current fiscal year, the
9 30 amount of the appropriation under this lettered paragraph is
9 31 one percent of the adjusted revenue estimate for the current
9 32 fiscal year.

9 33 (2) If the balance of the cash reserve fund in the current
9 34 fiscal year is more than ~~four~~ six and one-half percent but
9 35 less than ~~five~~ seven and one-half percent of the adjusted
10 1 revenue estimate for that fiscal year, the amount of the
10 2 appropriation under this lettered paragraph is the amount
10 3 necessary for the cash reserve fund to reach ~~five~~ seven and
10 4 one-half percent of the adjusted revenue estimate for the
10 5 current fiscal year.

10 6 (3) The moneys appropriated under this lettered paragraph
10 7 shall be credited in equal and proportionate amounts in each
10 8 quarter of the current fiscal year.

10 9 Sec. 28. Section 8.57, subsection 5, paragraph b, Code
10 10 Supplement 2001, is amended to read as follows:
10 11 b. Moneys in the infrastructure fund are not subject to
10 12 section 8.33. Notwithstanding section 12C.7, subsection 2,
10 13 interest or earnings on moneys in the infrastructure fund
10 14 shall be credited to the infrastructure fund. Moneys in the
10 15 infrastructure fund may be used for cash flow purposes during
10 16 a fiscal year provided that any moneys so allocated are
10 17 returned to the infrastructure fund by the end of that fiscal
10 18 year.

CODE: Permits unexpended money held in the Rebuild Iowa Infrastructure Fund to be used for General Fund cash flow purposes, provided the money is returned to the Rebuild Iowa Infrastructure Fund by the end of the fiscal year.

DETAIL: The cash balance in the Rebuild Iowa Infrastructure Fund on May 20, 2002 was \$20,222,943.

10 19 Sec. 29. Section 249H.4, subsection 4, Code 2001, as
10 20 amended by 2002 Iowa Acts, Senate File 2201, section 26, is
10 21 amended to read as follows:
10 22 4. The trust fund shall be operated in accordance with the
10 23 guidelines of the centers for Medicare and Medicaid services
10 24 of the United States department of health and human services.
10 25 The trust fund shall be separate from the general fund of the

CODE: Permits unexpended money held in the Senior Living Trust Fund to be used for General Fund cash flow purposes, provided the money is returned to the Senior Living Trust Fund by the end of the fiscal year.

DETAIL: The cash balance in the Senior Living Trust Fund on May 20, 2002, was \$107,884,898.

10 26 state and shall not be considered part of the general fund of
10 27 the state. The moneys in the trust fund shall not be
10 28 considered revenue of the state, but rather shall be funds of
10 29 the senior living program. The moneys deposited in the trust
10 30 fund are not subject to section 8.33 and shall not be
10 31 transferred, used, obligated, appropriated, or otherwise
10 32 encumbered, except to provide for the purposes of this
10 33 chapter. Moneys in the trust fund may be used for cash flow
10 34 purposes during a fiscal year provided that any moneys so
10 35 allocated are returned to the trust fund by the end of that
11 1 fiscal year. Notwithstanding section 12C.7, subsection 2,
11 2 interest or earnings on moneys deposited in the trust fund
11 3 shall be credited to the trust fund.

11 4 Sec. 30. NEW SECTION. 249H.4A PENDING SENIOR LIVING
11 5 TRUST FUND.
11 6 A pending senior living trust fund is created in the state
11 7 treasury under the authority of the department of human
11 8 services. Moneys received through intergovernmental
11 9 agreements for the senior living program but not yet available
11 10 for appropriation are to be deposited into this fund. When
11 11 the moneys are determined to be available for appropriation,
11 12 they shall be transferred to the senior living trust fund
11 13 established in section 249H.4. Moneys in the fund may be used
11 14 for cash flow purposes during the fiscal year provided that
11 15 any moneys so allocated are returned to the fund by the end of
11 16 that fiscal year.

11 17 Sec. 31. USE OF REVERSIONS. Notwithstanding section 8.62,
11 18 if on June 30 of fiscal year 2001-2002 or fiscal year 2002-
11 19 2003, a balance of an operational appropriation, as defined in
11 20 section 8.62, remains unexpended or unencumbered, the balance
11 21 shall revert to the general fund of the state as provided in
11 22 section 8.33.

11 23 Sec. 32. EFFECTIVE DATE -- APPLICABILITY. The amendments

CODE: Creates a Pending Senior Living Trust Fund under the authority of the Department of Human Services. The Fund will receive moneys through intergovernmental agreements for the Senior Living Program that are not yet available for appropriation. Once moneys are available for appropriation, they will be transferred to the Senior Living Trust Fund. Permits moneys in the Fund to be used for General Fund cash flow purposes, provided the money is returned to the Senior Living Trust Fund by the end of the fiscal year.

DETAIL: A Fund was created in the State accounting system in April 2002 to hold Medicaid reimbursement funds prior to transfer to the Senior Living Trust Fund. That new fund had a cash balance of \$99,522,084 on May 20, 2002.

CODE: Notwithstands Section 8.62, Code of Iowa, which allows agencies to retain a portion of unexpended appropriations for use in the next fiscal year for training and technology purchases. This section only applies to FY 2002 and FY 2003.

Provides an effective date of July 1, 2003, for Sections 24, 26, and 27

11 24 to the following designated Code provisions in this division
 11 25 of this Act take effect July 1, 2003:
 11 26 1. Section 8.55, subsection 2, paragraph "a".
 11 27 2. Section 8.56, subsection 4, paragraph "b".
 11 28 3. Section 8.57, subsection 1, paragraph "a".

of the Bill. Each Section relates to the reserve requirements for the Economic Emergency and Cash Reserve Funds.

11 29 DIVISION V
 11 30 OTHER MEDICAL ASSISTANCE PROGRAM PROVISIONS

11 31 Sec. 33. NEW SECTION. 249A.9 REPORTING REQUIREMENTS --
 11 32 PHARMACEUTICAL COPAYMENT.

CODE: Requires applicants for or recipients of Department of Human Services medical assistance to report changes in income or resources on a monthly basis.

11 33 1. The department shall require applicants for or
 11 34 recipients of medical assistance to report, on a monthly
 11 35 basis, changes in income or resources that affect eligibility.

DETAIL: The current policy requires income and resource reporting only when certain conditions exist.

12 1 2. The department shall require recipients of medical
 12 2 assistance to pay the following copayment on each covered drug
 12 3 prescription, including each refill as follows:
 12 4 a. A copayment of one dollar for each covered generic drug
 12 5 prescription.
 12 6 b. A copayment of one dollar for each covered brand-name
 12 7 drug prescription for which the cost to the state is less than
 12 8 twenty-five dollars.
 12 9 c. A copayment of two dollars for each covered brand-name
 12 10 drug prescription for which the cost to the state is between
 12 11 twenty-five dollars and fifty dollars.
 12 12 d. A copayment of three dollars for each covered brand-
 12 13 name drug prescription for which the cost to the state is over
 12 14 fifty dollars.

CODE: Requires that the Department of Human Services charge medical assistance program users a three-tiered copayment schedule for prescription drugs. The required copayment would be \$1.00 for generic drugs and for brand name drugs costing the State under \$25.00 per prescription or refill. A copayment of \$2.00 would be required for brand name drugs costing the State \$25.00 to \$50.00. A copayment of \$3.00 would be required for prescriptions costing the State more than \$50.00.

DETAIL: The current copayment policy charges a copayment of \$1.00 for all prescription drugs.

12 15 DIVISION VI
 12 16 OTHER PROVISIONS

12 17 Sec. 34. NEW SECTION. 249A.21 INTERMEDIATE CARE

CODE: Specifies that the Department of Human Services may

12 18	FACILITIES FOR PERSONS WITH MENTAL RETARDATION -- ASSESSMENT.	assess an intermediate care facility for persons with mental
12 19	1. The department may assess intermediate care facilities	retardation a fee not to exceed 6.0% of the facility's total annual
12 20	for persons with mental retardation, as defined in section	revenue.
12 21	135C.1, that are not operated by the state, a fee in an amount	
12 22	not to exceed six percent of the total annual revenue of the	
12 23	facility for the preceding fiscal year.	
12 24	2. The assessment shall be paid to the department in equal	CODE: Specifies when the fees are to be paid to the Department and
12 25	monthly amounts on or before the fifteenth day of each month.	how unpaid fees may be collected.
12 26	The department may deduct the monthly amount from medical	
12 27	assistance payments to a facility described in subsection 1.	
12 28	The amount deducted from payments shall not exceed the total	
12 29	amount of the assessments due.	
12 30	3. Revenue from the assessments shall be credited to the	CODE: Requires the revenue from the fees be used only for
12 31	state medical assistance appropriation. This revenue may be	expenditures in the Medical Assistance Program for which there is a
12 32	used only for services for which federal financial	federal match.
12 33	participation under the medical assistance program is	
12 34	available to match state funds.	
12 35	4. If federal financial participation to match the	CODE: Specifies when the fees are to be paid to the Department and
13 1	assessments made under subsection 1 becomes unavailable under	how unpaid fees may be collected.
13 2	federal law, the department shall terminate the imposing of	
13 3	the assessments beginning on the date that the federal	
13 4	statutory, regulatory, or interpretive change takes effect.	
13 5	5. The department of human services may procure a sole	CODE: Permits the DHS to obtain a sole source contract to
13 6	source contract to implement the provisions of this section.	implement this provision.
13 7	Sec. 35. Section 257.8, subsection 1, Code Supplement	CODE: Amends the statutory requirement that the State percent of
13 8	2001, as amended by 2002 Iowa Acts, Senate File 2315, section	allowable growth for the school foundation aid program be enacted
13 9	1, and 2002 Iowa Acts, Senate File 2328, section 1, is amended	within 30 days of the submission of the Governor's budget to the
13 10	to read as follows:	General Assembly.
13 11	1. STATE PERCENT OF GROWTH. The state percent of growth	

13 12 for the budget year beginning July 1, 2002, is one percent.
 13 13 The state percent of growth for the budget year beginning July
 13 14 1, 2003, is two percent. The state percent of growth for each
 13 15 subsequent budget year shall be established by statute which
 13 16 shall be enacted ~~within thirty days of the submission~~ in the
 13 17 year preceding the base year of the governor's budget under
 13 18 section 8.21. The establishment of the state percent of
 13 19 growth for a budget year shall be the only subject matter of
 13 20 the bill which enacts the state percent of growth for a budget
 13 21 year.

13 22 Sec. 36. 2001 Iowa Acts, chapter 188, section 13, is
 13 23 amended to read as follows:
 13 24 SEC. 13. TOURISM OPERATIONS. There is appropriated from
 13 25 the community attraction and tourism fund created in section
 13 26 15F.204 to the department of economic development for the
 13 27 fiscal year beginning July 1, 2001, and ending June 30, 2002,
 13 28 the following amount, or so much thereof as is necessary, to
 13 29 be used for the purposes designated:
 13 30 For tourism operations, including salaries, support,
 13 31 maintenance, and miscellaneous purposes:
 13 32 \$ 1,200,000
 13 33 Moneys appropriated in this section shall not be
 13 34 appropriated from those moneys in the community attraction and
 13 35 tourism fund that originate from the tax-exempt bond proceeds
 14 1 restricted capital funds account of the tobacco settlement
 14 2 trust fund.

CODE: Requires the FY 2002 appropriation from the Community Attractions and Tourism Fund for Department of Economic Development tourism operations be paid from moneys in the Fund that did not originate from the tax-exempt bond proceeds of the Tobacco Settlement Trust Fund.

DETAIL: The Community Attraction and Tourism Fund has received funding from several sources, one of which was the tax-exempt bond proceeds of the Tobacco Settlement Trust Fund. The tax-exempt proceeds must be spent on capital purposes. This provision ensures that the bonds remain tax-exempt.

14 3 Sec. 37. UNITED STATES MARSHAL'S SERVICE. For the fiscal
 14 4 year beginning July 1, 2002, regular per diem reimbursement
 14 5 costs billed by the department of corrections to the United
 14 6 States marshal's service for holding detainees shall be
 14 7 deposited entirely into the general fund of the state.
 14 8 However, for the fiscal year beginning July 1, 2002,
 14 9 extraordinary costs, including but not limited to medical
 14 10 costs, billed over the regular daily per diem rate shall be

Requires regular per diem reimbursement costs billed by the Department of Corrections to the U.S. Marshal's Service for holding detainees to be deposited into the General Fund. For FY 2003, extraordinary reimbursements for costs above the regular per diem reimbursement shall be used by the Department to offset extraordinary costs incurred.

DETAIL: Under current practice, federal prisoner reimbursements are deposited to the General Fund. This language will allow the

14 11 used by the department of corrections to offset the actual
14 12 costs incurred.

Department to retain any additional payments made by the U.S. Marshal's office as reimbursement for high-cost federal inmates.

14 13 Sec. 38. PROGRAM ELIMINATION COMMISSION. 2002 Iowa Acts,
14 14 Second Extraordinary Session, Senate File 2334, section 217,
14 15 subsection 2, paragraph a, if enacted, is amended by striking
14 16 the paragraph and inserting in lieu thereof the following:
14 17 a. A voting member appointed by the legislative council.

CODE: Amends the FY 2003 Omnibus Appropriations Bill II, if enacted, by adding a voting member appointed by the Legislative Council to the Program Elimination Commission. Removes the Auditor of State as a voting member.

14 18 Sec. 39. STATE LIBRARY REDUCTION -- STATE MEDICAL LIBRARY
14 19 CONTINUATION TASK FORCE.
14 20 1. Funds appropriated to the department of education for
14 21 purposes of the state library pursuant to 2002 Iowa Acts,
14 22 Senate File 2326, section 79, subsection 5, paragraph "a", as
14 23 reduced by Senate File 2334, section 87, are further reduced
14 24 by the amount of \$108,000. The state library shall apply the
14 25 reduction to the state medical library.

Reduces the FY 2003 appropriation to the State Library by \$108,000. Directs the Department of Education to apply the reduction to the operations of the State Medical Library.

14 26 2. It is the intent of the general assembly to eliminate,
14 27 or remove from the authority of the state library, the state
14 28 medical library. A state medical library continuation task
14 29 force is established to determine whether the citizens of this
14 30 state will continue to benefit from the state medical library,
14 31 and if so, where the state medical library should be
14 32 relocated. If the task force recommends relocation of the
14 33 state medical library, it is the intent of the general
14 34 assembly that the state medical library continue to be
14 35 available for free use by the residents of Iowa, give no
15 1 preference to any school of medicine, and secure books,
15 2 periodicals, pamphlets, and electronic textbooks, including
15 3 but not limited to computer software, applications using
15 4 computer-assisted instruction, interactive videodisc, and
15 5 other computer courseware and magnetic media for every legally
15 6 recognized school of medicine without discrimination. If the
15 7 task force finds and recommends elimination of the state

Specifies that it is the intent of the General Assembly to eliminate, or remove the State Medical Library from the authority of the State Library. Established a State Medical Library Continuation Task Force to determine whether lowans will continue to benefit from the Medical Library, and if so, where the Medical Library should be located. Specifies membership on the Task Force and requires a recommendation for continuation or elimination of the Medical Library to the chairpersons and ranking members of the House and Senate Education Standing Committees, and the Education Appropriations Subcommittee by December 1, 2002.

15 8 medical library, the task force shall propose a plan for
15 9 distribution of the assets of the state medical library. The
15 10 task force shall consist of the state librarian or the state
15 11 librarian's designee, and a representative of the state board
15 12 of regents, the Iowa medical society, the Iowa hospital
15 13 association, and the osteopathic medical association. The
15 14 state librarian shall serve as chairperson. Meetings shall be
15 15 held at the call of the chairperson or a majority of the
15 16 members of the task force. At any meeting of the task force,
15 17 a majority of the members shall constitute a quorum. The task
15 18 force shall submit its recommendation for continuation or
15 19 elimination of the state medical library, and any plan for
15 20 distribution of state medical library assets, in a report to
15 21 the chairpersons and ranking members of the senate and house
15 22 standing committees on education and the joint appropriations
15 23 subcommittee on education by December 1, 2002.

15 24 Sec. 40. EFFECTIVE DATE. The sections of this division of
15 25 this Act that enact section 249A.21 and relate to the United
15 26 States marshal's service, the program elimination commission,
15 27 and the state medical library take effect July 1, 2002.

Provides an effective date of July 1, 2002, for sections 37, 38, and 39 of Division VI. Those Sections relate to Department of Corrections reimbursements, the Program Elimination Commission, and the State Medical Library.

15 28 DIVISION VII
15 29 COOPERATIVE TAX CREDITS

15 30 Sec. 41. Section 15.333, subsections 1 and 2, Code
15 31 Supplement 2001, as amended by 2002 Iowa Acts, Senate File
15 32 2275, section 5, are amended to read as follows:

15 33 1. An eligible business may claim a corporate tax credit
15 34 up to a maximum of ten percent of the new investment which is
15 35 directly related to new jobs created by the location or
16 1 expansion of an eligible business under the program. Any
16 2 credit in excess of the tax liability for the tax year may be
16 3 credited to the tax liability for the following seven years or
16 4 until depleted, whichever occurs earlier. Subject to prior

CODE: Permits a farmers' cooperative organized under Section 521 of the federal Internal Revenue Code and required to file an Iowa income tax return to pass tax credits earned under the Iowa New Jobs and Income Program on to the cooperative's members. The project for which the credits were awarded must primarily involve ethanol production. The change is retroactive to tax years beginning on or after January 1, 2002.

FISCAL IMPACT: Under current law, similar cooperatives not required to file Iowa income tax returns are allowed to pass the credits to cooperative members. Also under current law, the total annual

16 5 approval by the department of economic development in	amount of tax credits awarded for value-added agriculture projects is
16 6 consultation with the department of revenue and finance, an	capped at \$4.0 million. Due to this current law cap, expanding the
16 7 eligible business whose project primarily involves the	types of cooperatives allowed to pass credits to members will not
16 8 production of value-added agricultural products may elect to	have a fiscal impact.
16 9 receive a refund of all or a portion of an unused tax credit.	
16 10 For purposes of this section, an eligible business includes a	
16 11 cooperative described in section 521 of the Internal Revenue	
16 12 Code which is not required to file an Iowa corporate income	
16 13 tax return, and whose project primarily involves the	
16 14 production of ethanol. The refund may be used against a tax	
16 15 liability imposed under chapter 422, division II, III, or V.	
16 16 If the business is a partnership, S corporation, limited	
16 17 liability company, <u>cooperative organized under chapter 501 and</u>	
16 18 <u>filing as a partnership for federal tax purposes</u> , or estate or	
16 19 trust electing to have the income taxed directly to the	
16 20 individual, an individual may claim the tax credit allowed.	
16 21 The amount claimed by the individual shall be based upon the	
16 22 pro rata share of the individual's earnings of the	
16 23 partnership, S corporation, limited liability company,	
16 24 <u>cooperative organized under chapter 501 and filing as a</u>	
16 25 <u>partnership for federal tax purposes</u> , or estate or trust.	
16 26 <u>PARAGRAPH DIVIDED.</u> For purposes of this section, "new	
16 27 investment directly related to new jobs created by the	
16 28 location or expansion of an eligible business under the	
16 29 program" means the cost of machinery and equipment, as defined	
16 30 in section 427A.1, subsection 1, paragraphs "e" and "j",	
16 31 purchased for use in the operation of the eligible business,	
16 32 the purchase price of which has been depreciated in accordance	
16 33 with generally accepted accounting principles, and the cost of	
16 34 improvements made to real property which is used in the	
16 35 operation of the eligible business.	
17 1 2. An eligible business whose project primarily involves	
17 2 the production of value-added agricultural products, that	
17 3 elects to receive a refund of all or a portion of an unused	
17 4 tax credit, shall apply to the department of economic	
17 5 development for tax credit certificates. An eligible business	
17 6 whose project primarily involves the production of value-added	
17 7 agricultural products shall not claim a tax credit under this	

17 8 section unless a tax credit certificate issued by the
17 9 department of economic development is attached to the
17 10 taxpayer's tax return for the tax year for which the tax
17 11 credit is claimed. For purposes of this section, an eligible
17 12 business includes a cooperative described in section 521 of
17 13 the Internal Revenue Code which is not required to file an
17 14 Iowa corporate income tax return, and whose project primarily
17 15 involves the production of ethanol. For purposes of this
17 16 section, an eligible business also includes a cooperative
17 17 described in section 521 of the Internal Revenue Code which is
17 18 required to file an Iowa corporate income tax return and whose
17 19 project primarily involves the production of ethanol. Such
17 20 cooperative may elect to transfer all or a portion of its tax
17 21 credit to its members. The amount of tax credit transferred
17 22 and claimed by a member shall be based upon the pro rata share
17 23 of the member's earnings of the cooperative.
17 24 PARAGRAPH DIVIDED. A tax credit certificate shall not be
17 25 valid until the tax year following the date of the project
17 26 completion. A tax credit certificate shall contain the
17 27 taxpayer's name, address, tax identification number, the date
17 28 of project completion, the amount of the tax credit, and other
17 29 information required by the department of revenue and finance.
17 30 The department of economic development shall not issue tax
17 31 credit certificates which total more than four million dollars
17 32 during a fiscal year. If the department receives applications
17 33 for tax credit certificates in excess of four million dollars,
17 34 the applicants shall receive certificates for a prorated
17 35 amount. The tax credit certificates shall not be transferred
18 1 except as provided in this subsection for a cooperative
18 2 described in section 521 of the Internal Revenue Code which is
18 3 required to file an Iowa corporate income tax return and whose
18 4 project primarily involves the production of ethanol. For a
18 5 cooperative described in section 521 of the Internal Revenue
18 6 Code that is not required to file an Iowa corporate income tax
18 7 return, the department of economic development shall require
18 8 that the cooperative submit a list of its members and the
18 9 share of each member's interest in the cooperative. The
18 10 department shall issue a tax credit certificate to each member

18 11 contained on the submitted list.

18 12 Sec. 42. Section 15E.193C, subsection 7, paragraph a, Code
18 13 Supplement 2001, is amended to read as follows:

18 14 a. An eligible development business may claim a tax credit
18 15 up to a maximum of ten percent of the new investment that is
18 16 directly related to the construction, expansion, or
18 17 rehabilitation of building space to be used for manufacturing,
18 18 processing, cold storage, distribution, or office facilities.
18 19 For purposes of this section, "new investment" includes the
18 20 purchase price of land and the cost of improvements made to
18 21 real property. The tax credit may be claimed by an eligible
18 22 development business for the tax year in which the
18 23 construction, expansion, or rehabilitation is completed. The
18 24 tax credit may be used to reduce the tax liability imposed
18 25 under chapter 422, division II, III, or V, or chapter 432.
18 26 Any credit in excess of the tax liability for the tax year may
18 27 be credited to the tax liability for the following seven years
18 28 or until depleted, whichever occurs earlier. If the business
18 29 is a partnership, S corporation, limited liability company,
18 30 cooperative organized under chapter 501 and filing as a
18 31 partnership for federal tax purposes, or estate or trust
18 32 electing to have the income taxed directly to the individual,
18 33 an individual may claim the tax credit allowed. The amount
18 34 claimed by the individual shall be based upon the pro rata
18 35 share of the individual's earnings of the partnership, S
19 1 corporation, limited liability company, cooperative organized
19 2 under chapter 501 and filing as a partnership for federal tax
19 3 purposes, or estate or trust.

19 4 Sec. 43. APPLICABILITY DATE. This division of this Act
19 5 applies retroactively to January 1, 2002, for tax years
19 6 beginning on or after that date.

CODE: Allows a cooperative organized under Chapter 501, Code of Iowa, and filing as a partnership for federal tax purposes to pass Enterprise Zone investment tax credits directly to the cooperative's members.

DETAIL: Current law allows partnerships, S corporations, limited liability companies, estates, and trusts to claim Enterprise Zone tax credits on individual tax returns. This change will expand the types of organizations allowed to pass the credits to individuals. The expansion could have a negative fiscal impact on the General Fund.

States that Division VII of this Bill relating to investment tax credits earned by cooperatives is effective January 1, 2002 and applies to tax years beginning on or after that date.

19 7 DIVISION VIII
19 8 EFFECTIVE DATE

19 9 Sec. 44. EFFECTIVE DATE. Unless otherwise provided, this
19 10 Act, being deemed of immediate importance, takes effect upon
19 11 enactment.

States that with the exception of provisions with specific effective dates (see Sections 32, 40, and 43 of this Bill), the Bill is effective upon enactment.

19 12 EXPLANATION

19 13 This bill addresses public funding provisions and related
19 14 regulatory matters and makes, reduces, and transfers
19 15 appropriations and adjusts other expenditures for the fiscal
19 16 year beginning July 1, 2001. The bill includes other
19 17 appropriations and addresses tax credits under the new jobs
19 18 and income program and the enterprise zone program. The bill
19 19 is organized into divisions.

19 20 Division I makes appropriations or transfers from the
19 21 following funds to the general fund of the state for FY 2001-
19 22 2002: Iowa economic emergency fund, cash reserve fund,
19 23 environment first fund, and terminal liability health
19 24 insurance fund. The division transfers a portion of an
19 25 existing appropriation made to the state board of regents for
19 26 construction of the engineering teaching and research complex;
19 27 however, the transferred appropriation is replaced with
19 28 authority to issue bonds for that amount for the same purpose.

19 29 Division I also provides that to the extent the balance of
19 30 the Iowa economic emergency fund is insufficient to make an
19 31 appropriation of up to \$50 million to the general fund to
19 32 address a deficit at the close of fiscal year 2001-2002, that
19 33 insufficiency shall be appropriated from the cash reserve
19 34 fund. The bill provides that an appropriation shall not be
19 35 made from the general fund to repay the Iowa economic
20 1 emergency fund or the cash reserve fund in the following
20 2 fiscal year. In addition, for fiscal year 2002-2003, the
20 3 requirement in Code section 8.57 for an automatic
20 4 appropriation from the general fund to the cash reserve fund
20 5 to bring the cash reserve fund to a specific level is made
20 6 inapplicable.

20 7 Division II makes transfers for fiscal year 2001-2002 from
20 8 the following revenues, appropriations, and funds to the
20 9 department of human services for medical assistance program

20 10 reimbursement and associated costs: snowmobile and all-
20 11 terrain vehicle fees credited to a special conservation fund,
20 12 environment first fund, strategic investment fund, physical
20 13 infrastructure assistance fund, alternative drainage system
20 14 assistance fund, terminal liability health insurance fund, and
20 15 an appropriation for airport engineering studies and
20 16 improvement projects.

20 17 Division III makes transfers from various funds and other
20 18 moneys to be used for other purposes for fiscal year 2001-2002
20 19 as follows: from the terminal liability health insurance fund
20 20 to the state public defender to be used for indigent defense;
20 21 from the environment first fund to the state appeal board for
20 22 payment of claims against the state; from the victim
20 23 compensation fund to the state employee unemployment
20 24 compensation account; from the environment first fund and the
20 25 terminal liability health insurance fund to the executive
20 26 council to be used for performance of duty expenses; and from
20 27 the value-added agricultural products and processes financial
20 28 assistance fund and the terminal liability health insurance
20 29 fund to the elderly and disabled property tax credit and
20 30 reimbursement fund for payment of renters' claims.

20 31 Division IV relates to state reserve funds. The maximum
20 32 balance of the Iowa economic emergency fund in Code section
20 33 8.55 is reduced from 5 percent to 2.5 percent of the adjusted
20 34 revenue estimate for a fiscal year. The maximum balance of
20 35 the cash reserve fund is increased from 5 percent to 7.5
21 1 percent of the adjusted revenue estimate for a fiscal year.

21 2 An existing provision requiring a three-fifths majority vote
21 3 if an appropriation would cause the cash reserve fund balance
21 4 to fall below 3 percent of the adjusted revenue estimate for a
21 5 fiscal year is changed to 3.75 percent. Conforming changes
21 6 are made to the automatic appropriation to annually fill the
21 7 cash reserve fund to reflect the percentage change in the
21 8 fund's maximum balance. These provisions take effect July 1,
21 9 2003.

21 10 Division IV provides that the amount of the standing
21 11 provisions in Code section 8.55 for a transfer to the senior
21 12 living trust fund and the endowment for Iowa's health account

21 13 upon the Iowa economic emergency fund achieving its maximum
21 14 balance is increased from \$35.5 million to \$51.5 million and
21 15 from \$51.5 million to \$60.5 million, respectively.

21 16 Division IV amends Code section 8.57 to provide that moneys
21 17 in the rebuild Iowa infrastructure fund may be used for cash
21 18 flow purposes provided the moneys are returned by the end of
21 19 the fiscal year. This cash flow authorization is also
21 20 provided for the senior living trust fund in Code section
21 21 249H.4.

21 22 Division IV creates a new fund called the pending senior
21 23 living trust fund where moneys that are received for the
21 24 senior living program which are not available for
21 25 appropriation are deposited. These moneys may be used for
21 26 cash flow purposes.

21 27 Division IV provides that for fiscal years 2001-2002 and
21 28 2002-2003, authority is rescinded that would allow state
21 29 agencies to retain and use for training and technology up to
21 30 50 percent of an operational appropriation that would
21 31 otherwise revert to the general fund.

21 32 Division V provides other provisions relating to the
21 33 medical assistance program. New Code section 249A.9 directs
21 34 the department of human services to require recipients to
21 35 report, on a monthly basis, changes in income and resources
22 1 that affect eligibility and to charge copayments on each
22 2 covered drug prescription and refill.

22 3 Division VI provides other changes. The division provides
22 4 for the assessment of intermediate care facilities for persons
22 5 with mental retardation. The requirement is deleted in Code
22 6 section 257.8 for the setting of the state percent of growth
22 7 for purposes of the school foundation program to be enacted
22 8 within 30 days of the submission of the governor's budget to
22 9 the general assembly.

22 10 The division amends a 2001 Iowa Acts, chapter 188,
22 11 appropriation from the community attraction and tourism fund
22 12 for tourism operations to specify that the appropriation is
22 13 not made from moneys that originate from the tax-exempt bond
22 14 proceeds restricted capital funds account of the tobacco
22 15 settlement trust fund.

22 16 The division provides that regular per diem reimbursement
22 17 costs billed by the department of corrections to the United
22 18 States marshal's service during the 2002-2003 fiscal year are
22 19 deposited in the state general fund. Any extraordinary cost
22 20 reimbursements in excess of the regular per diem shall be used
22 21 by the department to pay these costs.

22 22 The division also substitutes the state auditor with a
22 23 voting member selected by the legislative council on the
22 24 program elimination committee created in Senate File 2334.

22 25 Division VI reduces state funding for the state library by
22 26 \$108,000, and establishes the intent of the general assembly
22 27 to either eliminate, or remove from the authority of the state
22 28 library, the state medical library. The division establishes
22 29 a state medical library continuation task force to determine
22 30 whether to continue to maintain the state medical library and
22 31 if so, where it should be relocated. If the task force
22 32 recommends elimination, the task force is directed to submit a
22 33 plan for the distribution of state medical library assets.

22 34 The task force consists of the state librarian or the state
22 35 librarian's designee, persons representing the state board of
23 1 regents, the Iowa medical society, the Iowa hospital
23 2 association, and the osteopathic medical association. The
23 3 task force must submit its recommendation for continuation or
23 4 elimination of the state medical library in a report to the
23 5 chairpersons and ranking members of the senate and house
23 6 standing committees on education and the joint appropriations
23 7 subcommittee on education by December 15, 2002.

23 8 Division VII relates to tax credits under the new jobs and
23 9 income program and the enterprise zone program. Under present
23 10 law, a farmers' cooperative that owns an ethanol-producing
23 11 facility which is not required to file an Iowa corporate
23 12 income tax return is entitled to a tax credit under the new
23 13 jobs and income program. This tax credit is claimed by the
23 14 members. However, if the farmers' cooperative must file an
23 15 Iowa corporate income tax return, all of the credit must be
23 16 used by the cooperative. This division allows farmers'
23 17 cooperatives that file Iowa corporate income tax returns to
23 18 transfer all or a portion of the tax credit to its members.

23 19 The division also allows cooperatives that file as
23 20 partnerships for federal tax purposes to elect to have the
23 21 credit acquired for developing building space in an enterprise
23 22 zone to pass through the credit to their members. The
23 23 division applies retroactively to January 1, 2002, for tax
23 24 years beginning on or after that date.
23 25 Division VIII provides that unless otherwise provided, the
23 26 bill takes effect upon enactment.
23 27 LSB 7302HV 79
23 28 jp/cf/24.3